



Virginia Aviation Board
Meeting Minutes

The Virginia Aviation Board (VAB) held a meeting on Wednesday, April 10, 2013, at the Kirkely Hotel and Conference Center, 2900 Candler Mountain Road, Lynchburg, Virginia, 24502. The meeting was broadcast through video streaming, and the video is available through the website for the Virginia Department of Aviation (DOAV), www.doav.virginia.gov.

MEMBERS

John V. Mazza, Jr., Chairman	Present
Robert S. Dix, Region 1	Present
Robert H. Hahn, Jr., Region 2	Absent
Alex N. Vogel, Region 3	Absent
Thomas E. Inman, Region 4	Present
David L. Young, Region 5	Present
Richard C. Franklin, Jr., Region 6	Present
Cheryl P. McLeskey, Region 7	Present

OTHER ATTENDEES

Lori L. Pound Office of the Attorney General

DOAV staff, state government representatives, city representatives, and other interested parties were also present.

1. Call to Order John V. Mazza, Jr.
Chairman

The chairman called the meeting to order at 11:00 a.m.

2. Agenda approval John V. Mazza, Jr.
Chairman

The agenda was approved with no changes.

3. Consultation with Counsel (If needed) John V. Mazza, Jr.
Chairman

Mr. Mazza announced that consultation with counsel was not needed; therefore, the meeting would continue.

4. Lynchburg Regional Airport Presentation Mark F. Courtney
LYH, Airport Director

Mark Courtney thanked the board for meeting to consider the issue facing the Lynchburg Regional Airport and the request to use state entitlement funds to operate the tower without the future loss of state discretionary funding.

Mr. Courtney opened his presentation with remarks on the unprecedented situation created by FAA's closure of contract air traffic control towers and concerns on the related loss of efficiency. He stressed the need for temporary compensation until a permanent federal funding solution is found. Mr. Courtney provided background information on the airport, noting that the airport serves an MSA population of 255,000 with US Airways Express operating 12 departures and arrivals daily. He shared results from 2012 passenger and

international business travel surveys and provided information comparing the Lynchburg Regional Airport with other airports in the contract tower program and neighboring airports in Virginia. Mr. Courtney outlined the airport's request to utilize the airport's state entitlement funds for tower operations without the three-year penalty. The request includes proposed conditions that the utilization of airport's entitlement funds would be on an emergency, temporary basis for a period of up to one year, the use of the airport's entitlement funds would cease upon the restoration of federal funding, and the airport's state entitlement funds would be utilized at the 80/20 percentage split according to the standard formula for entitlement only projects. It was noted that the airport had an available state entitlement fund balance of over \$600,000 and the estimated cost to operate the tower would be \$40,000 per month. Mr. Courtney shared information on the airport's use of state entitlement and discretionary since 1998, with discretionary funds only being sought three of those years, and the capital improvement plan for Fiscal Years 2014 to 2018. He highlighted major concerns over the tower closure, including the loss of efficiency; impacts on neighboring airports; loss of jobs, operating revenues, capital funds and Part 139 certification if the existing airline service was lost; and challenges to recruiting a second airline and attracting niche services. It was noted that the Virginia Airport System Economic Impact Study reported that the Lynchburg Regional Airport contributed \$101 million in annual economic activity to the area and the tower supports the airport's ability to offer a diverse array of aeronautical services.

Mr. Courtney was assisted in his presentation by L. Kimball Payne, Lynchburg City Manager; Rex Hammond, Lynchburg Regional Chamber of Commerce; and Delegate T. Scott Davis, 23rd District. Mr. Payne shared that the city council had been briefed on the situation and unanimously supported the airport's proposal. Mr. Hammond spoke of the airport's partnership with the city's business community and the airport's importance to the community in retaining and attracting businesses. Delegate Scott also spoke on the airport's role in supporting national assets found in the Lynchburg area.

A copy of the presentation is available upon request.

5. VAB Discussion

John V. Mazza, Jr.,
Chairman

The board members asked questions to gain better understanding of the request. Ms. McLeskey asked about the current hours of operation for the tower and distances to other commercial service airports. Mr. Courtney replied that the tower is open 16 hours, from 6:30 am to 10:30 pm. He estimated the distance as 50 miles to the Roanoke Regional Airport, 60 miles to the Charlottesville-Albemarle Airport, and 100 miles to the Piedmont Triad International Airport in Greensboro.

Mr. Franklin asked if there is a House proponent for the funding of the contract towers. Mr. Courtney responded that Representative Goodlatte is very supportive of identifying a permanent funding solution in the next fiscal year. Mr. Courtney had heard that Senator Caine was a co-sponsor of new legislation supporting funding for tower services and Senator Warner had signed on as another sponsor.

Mr. Franklin asked if the issue of liability for the airport and city had been reviewed. Mr. Courtney said the contract with the service provider contains an insurance provision. In addition, the city's risk management office is working on the issue.

Mr. Inman asked about the annual budget for the airport, if a proposal had been vetted with the city council to pay for the tower operations, and if the city would be willing to step forward to pay for the tower in return for the economic benefits the airport brings to the city. Mr. Courtney replied that the airport has a \$2.5 million operating budget with a \$300,000 subsidy from the City of Lynchburg. It is expected that the airport will be self-sufficient within two to three years. The airport is proposing a three-step process for funding the tower operation, including plans for interim funding and other permanent funding. At that time the city was not willing to directly pay for the tower operations.

Mr. Dix asked for clarification of the time limit being proposed with the funding. Mr. Courtney said the state entitlement funds would be used to pay for tower operations for up to one year.

Ms. Pound asked what incentive FAA would have to re-establish funding if it finds the tower can be operated without federal funding and what is planned if FAA decides not to fund the tower operations. Mr. Courtney responded that 50 of the airports affected by the FAA's decision have made it clear that they are funding the operations on a temporary basis. It is premature to plan on the airport permanently funding the

tower operations.

Mr. Mazza asked if there are other options available to the airport. Mr. Courtney said there are no other short-term options except to keep the tower open. More time is needed if the airport must plan for un-towered operations.

Mr. Mazza asked if it was felt the airport would be safe without the support of a tower and if the airport could lose commercial service without the tower. Mr. Courtney replied that he felt the airport would not be unsafe and would have to deal with delays caused by the lack of tower support. He did not know how the airline serving the airport felt about the issue. He had heard through FSDO that regional airlines had expressed concerns about delays at airports losing their tower operations. In response to Mr. Inman's question on why the airline was not present to share concerns, Mr. Courtney responded that the airlines expect the airports to make sure the airports are safe.

Mr. Dix asked how long it would be before Lynchburg would provide funding if this proposed funding was not in place. Mr. Courtney said the airport would take the penalty against state discretionary funding.

Cliff Burnette, DOAV, commented on an analysis of the six-year capital improvement plan the airport filed with the DOAV. It seemed that if the construction of the replacement tower was removed from the plan and the infusion of state entitlement money each fiscal year was considered, then the airport would not need to request state discretionary funds within the three-year period. Mr. Courtney agreed that no state discretionary funding needs were identified in the draft six-year plan filed with DOAV, which will be refined as the plan is vetted by FAA. He cited unknowns in airport needs and levels of future state entitlement funding as an impetus to the airport's request regarding discretionary funding. He noted that the airport will need state discretionary funding if it loses airline service.

Throughout the discussion period, several board members expressed the desire to want to help the airport but that the board's actions must take the needs of all the airports into consideration. In closing the board discussion, Mr. Mazza restated the airport's request and reviewed the board's options to approve the request, deny the request, or postpone action until its May meeting. He preferred not to postpone the decision in order to give the airport time to plan for any actions it needed to take.

6. VAB Action

John V. Mazza, Jr.,
Chairman

Mr. Inman made a motion that the board not deviate from the policy stated in section 3.1.1.3.2 Projects Outside of Normal Expenditures of the *Airport Program Manual*. Mr. Dix seconded the motion. Several points of discussion followed.

Mr. Franklin asked for clarification that the request was for a one time waiver of this airport only and the process for applying the penalty according to policy. Mr. Courtney confirmed this was a one-time request for the Lynchburg Regional Airport. Mr. Swain, DOAV, explained that the three-year period begins at the end of the fiscal year in which state entitlement funds were spent on projects not matching program eligibility. The total of such entitlement funds spent by an airport and reported on the annual Entitlement Utilization Report are counted against any requests for state discretionary funds made by the airport for three years or until the amount is recovered, whichever happens first.

Mr. Burnette referenced his earlier question about the airport having enough state entitlement money for proposed projects in the upcoming fiscal years without being impacted by the loss of state discretionary funding. Mr. Courtney replied that the six-year plan was just an estimate of needs, and the airport faced many unknowns regarding funding. Overall, he felt the airport would be able to meet its needs with state entitlement funds.

Mr. Inman asked if the tower replacement would be built if the short-term operational funding strategy does not work. Mr. Courtney replied that it would not. Ms. McLeskey asked if money had been spent on the tower replacement project. Mr. Courtney said funds had been spent on the initial study.

Mr. Young asked if the airport had entertained any strategies for less than a 12- month period. Mr. Courtney replied that it had not. He added that if federal funding was restored, the airport would drop the use of state entitlement funds to fund tower operations.

Before the vote was taken, Mr. Young made a request to abstain due to his roll with Liberty University's aviation program and Freedom Aviation.

At the request of the chair, Ms. Pound restated the motion that the board not grant an exemption to the Lynchburg Regional Airport from the policy stated in section 3.1.1.3.2 of the *Airport Program Manual* regarding projects outside of normal expenditures. Specifically, the use of state entitlement funds for projects other than those listed or generally described in the *Manual*, to include funding tower operations, will result in the state's share of the project cost being counted against any new requests for state discretionary funding by Lynchburg Regional Airport for a period of three fiscal years. The board unanimously approved the motion; Mr. Young abstained from the vote.

7. Adjournment

John V. Mazza, Jr.,
Chairman

The chairman adjourned the meeting at 12:10 p.m.